

Chairman Waxman released the following statement about the Administration's \$700 billion proposal to rescue financial institutions:

I have serious reservations about the Administration's bailout proposal. The structure of the plan appears designed to maximize returns for Wall Street and minimize protections for the taxpayer.

The Administration's plan completely eviscerates the concept of moral hazard. It would enrich the Wall Street executives whose reckless investments caused the financial crisis. The taxpayer is being asked to risk billions to protect the bonuses of investment bankers.

There was public outrage when the CEOs of Countrywide, Merrill Lynch, and Citigroup walked away with hundreds of millions of dollars after causing billions of dollars of losses. But what President Bush and Secretary Paulson are proposing is worse: the taxpayer will be funding million-dollar payouts on Wall Street.

Congress needs to insist on firm limits on executive compensation. No financial institution that gets federal relief should pay its CEO more than \$2 million annually. That's over ten times what the Secretary of Treasury makes.

Congress should also insist on greater financial transparency. We should not give bailouts to firms that continue to conceal their balance sheets from investors and the government.

I support intervention to protect the functioning of our capital markets. But we need to consider alternatives to the President's plan. There are other approaches that could provide more relief more quickly at less cost to the taxpayer. While we need to move quickly, we should not be stampeded into enacting a flawed proposal at huge costs to the taxpayer. We need to expeditiously evaluate a range of options and enact the one with the greatest likelihood of success and the least exposure to the taxpayer.